

will agree that this is not the time to debate the question of Formosa or the Straits of Formosa. I think that I speak the feelings of President Eisenhower when I say that he has the utmost desire to cooperate with Congress and that he has the utmost desire to work out these problems on a bipartisan basis.

Whether there was a consultation, as the Senator from Texas has stated, I will not discuss at the present time, but I am confident—and I make this statement from my heart—that there is no intention on the part of President Eisenhower to rewrite the history of the United States or to state half-truths, upon which to base assumptions or reach decisions.

I would rather have the debate on that subject held more fully at another time. I hope the Senator from Minnesota will not press the point at this time. He has made his assertion. I am confident that answer will be made by members of the Committee on Foreign Relations at the appropriate time. I hope we will not get into a discussion of the subject at this time.

Mr. HUMPHREY. Mr. President, I have no intention of further discussing the subject. I thank the majority leader for his spirit of understanding. I shall be prepared at all times to join the debate whenever it comes before us on the floor of the Senate.

Mr. SALTONSTALL. I yield next to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, with all due deference to the minority leader, I, as one Senator, would like to find out from the President what his ideas are. I am willing to use my own judgment in trying to cooperate with him in his desire to carry out his ideas. However, the point I should like to make is that the decision of the Minority Policy Committee is not the decision of the minority. After all, I do not want the Minority Policy Committee to make a decision for me. I should like to use my own judgment.

After all, the President of the United States is entitled at least to a fair chance to try to carry out what I consider to be the mandate of the American people. However, I should like to ask the minority leader at this time if it is expected by him that what the policy committee decides is to be the decision of the minority Members of the Senate.

Mr. SALTONSTALL. I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, the minority leader merely read to the Senate the statement which was adopted by the minority policy committee. He did not attempt to speak for any Member of the Senate other than the Members of that committee.

Mr. CHAVEZ. I know, but what—

Mr. JOHNSON of Texas. I should like to finish my answer to the Senator from New Mexico. If the Senator will read the statement and then assume the same position which the nine members of the committee assumed, well and good. If he does not care to do so, of course, the Senator may—and I know he will—express his own personal viewpoint.

Mr. CHAVEZ. That is correct. The point I am trying to make at this time is

that, so far as the minority is concerned—certainly so far as I as a member of the minority am concerned—I do not want 9 Members of the Senate, out of 47 Members of the Senate, to decide what should be done and expect me to go along with them if in conscience and in duty I feel differently.

Mr. JOHNSON of Texas. I can assure the Senator from New Mexico—at least so far as I am concerned, and I believe I can say insofar as every member of the policy committee is concerned—that neither I nor any of the members of the committee would be so presumptuous.

Mr. CHAVEZ. I hope not, because, so far as the Senator from New Mexico is concerned, they are not going to speak for me.

Mr. SALTONSTALL. Mr. President, I will say to the Senator from New Mexico that he always votes his own convictions.

ORDER ISSUED BY THE DIRECTOR OF THE BUDGET

Mr. FERGUSON. Mr. President, I rise on the floor of the Senate to speak on the order which was issued yesterday by Joseph M. Dodge, the Director of the Bureau of the Budget, to the various departments and agencies of the United States Government. I ask unanimous consent that the text of the order may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. JACKSON in the chair). Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. FERGUSON. Mr. President, this order is in furtherance of the objective which the President made in his message to Congress on the State of the Union. I am delighted to have the support of our new administration in this economy effort since I have worked in this direction for years. The President has called attention to the fact that it was the desire of the administration to balance the budget and then proceed to cut taxes. He brought to the attention of the people of the country the fact that there were available \$80,000,000,000 in unexpended balances which did not include all funds, such as revolving and management funds, and permanent appropriations. The joint committee known as the Byrd committee, of which the Senator from Michigan is a member, has in its possession figures which would indicate that the total figure is closer to \$102,253,000,000 as of June 30, 1953.

The order applies to both new construction and going construction projects.

I wish to quote from the budget page 1118:

Authorized work: In addition to the commitments to complete work now under way or work to be started in 1954, agency reports indicate that, on the basis of present prices, almost \$16,600,000,000 of construction work has been authorized, either by general or specific legislation, and may be undertaken after fiscal 1954 if funds are provided. About \$12,400,000,000 of this authorized work is included in the river-basin programs of the Corps of Engineers, the Bureau of Reclamation, and the Tennessee Valley Authority. (P. 1118 of the 1954 budget.)

In the present budget there is also an item for civil public works of \$27,800,000,000, the total cost of programs either under way or requested in the 1954 budget. We will have expended, through June 30, 1953, \$12,926,000,000 on these programs, and the budget request for 1954 is for an additional \$3,920,900,000.

Mr. President, the order of the Budget Director is a bold move in an attempt on the part of the new administration to get control of expenditures whether they come from new appropriations or unexpended balances, and to enable Congress to cooperate in this control.

The order apparently applies not only to civilian construction but also to military construction. It will not take very long for the new administration to make the survey, and therefore there will be no unnecessary delay in any essential project. I am sure that the order is intended to apply to all construction which has not been started as well as to construction which has been started but may not be continued. The purpose of the order is to look over the program and to determine whether or not such construction is necessary. If the construction is necessary the next step is to determine the most economical way of completing it.

There is a further item in the order which I should like to call to the attention of the Senate. It is the part of the order which restricts recruitment of new personnel unless deemed necessary by the established criteria. In other words, the agencies must show real necessity for filling vacancies as they occur. I am sure that the discharging and immediate rehiring of employees, as discussed by the Senator from Delaware [Mr. WILLIAMS], will not now be carried out, and that the practice referred to in his statement with respect to drawing money for annual leave or other leave, will not be continued in the manner he outlined.

So we find that from today on we shall have an administration which will reduce the number of Government employees, not in wholesale firings, except when agencies are abolished, but in a way which will really bring economy and efficiency. We shall be able to balance the budget, and we shall be able to reduce taxes, if the people in our respective States will not request more government and more spending than they can afford.

I believe it is essential that every person and group really try to cooperate with the present administration, in order that we may have a government of the size we can afford to support. If we do that, then we can proceed to reduce taxes, and the people will be able to spend their money for the benefit of their own families and their own businesses, rather than have much of their money used in the form of taxes to be spent for the operation of various governmental agencies.

Mr. CHAVEZ. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield for a question.

Mr. CHAVEZ. Will the Senator from Massachusetts permit me to make an observation, following the remarks which have just been made by the Senator from Michigan?

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Later in the same message, in reference to the Korean situation, the President of the United States took very forthright and firm action pertaining to the use of the United States Seventh Fleet in the waters surrounding Formosa. He said:

This has meant, in effect, that the United States Navy was required to serve as a defensive arm of Communist China.

A little further on, the President said: I am, therefore, issuing instructions that the Seventh Fleet no longer be employed to shield Communist China. Permit me to make crystal clear, this order implies no aggressive intent on our part. But we certainly have no obligation to protect a nation fighting us in Korea.

Mr. President, my observation is that in the early part of the President's address there was a pledge of bipartisan foreign policy. Possibly there was consultation in reference to this fundamental change in the policy of our Nation. If so, I, as one Member of the Senate, did not hear about it.

Secondly, it is my honest opinion that the statement pertaining to the use of the Seventh Fleet is but part of the truth. It is, in fact, a rewriting of the history of our time. Former President Truman, in authorizing the use of the Seventh Fleet, or ordering its use in the waters surrounding Formosa, not only ordered the fleet to protect the mainland of China from any raids made from Formosa by the Chinese Nationalists, but also said that he would see to it that the Seventh Fleet protected the security of the island of Formosa and the security of the forces of Chiang Kai-shek upon that island.

Thirdly, that the life-lines and supply-lines feeding into the bases in Korea and other military installations of the United States and the United Nations would be protected.

Mr. President, I am not saying that what is stated in the President's message is not factual. I am saying, however, that what is stated there is not complete; and I, for one, do not intend to stand idly by and see the history of our times rewritten. I want to see the history of our times written objectively. I have previously said that before one can make honest judgments or evaluations of the actions of individuals one must have a fairly good objective knowledge of the history of the times in which we live.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MONRONEY. Is it not a fact, as the distinguished Senator is saying, that the straits of Formosa are not a one-way street, but a two-way street? Three hundred thousand or three hundred fifty thousand of Chiang's troops were on Formosa, while millions of Communists troops were on the mainland of China.

Mr. HUMPHREY. The Senator is correct.

Mr. MONRONEY. It seems to me, as the distinguished Senator has said, that it is stretching logic a little to assume that our Navy was protecting some two million Communist troops from action by 300,000 or 350,000 at that time un-

trained and unequipped troops of Chiang Kai-shek.

Mr. HUMPHREY. I thank the Senator from Oklahoma.

Mr. President, it is not my intention at this time to argue with the policies included in the message. I say only that when we evaluate the foreign policy of our Nation and formalize it in the form of an official document, it is absolutely imperative that we have all the facts. It is my honest conviction that policies derived from false assumptions may be more dangerous to the security of this country than poor judgment. The falsification of history has no place in a democracy; and I submit that the full intent and purport of this section of the State of the Union message is merely to state, as is stated, in effect, that the United States Navy was required to serve as the defensive arm of Communist China. Mr. President, that is but part of the fact. The rest of the fact is that the Seventh Fleet served to protect our own installations, our own troops, and served to protect the security of the forces upon Formosa and to neutralize, at the time the order was made, any combat within the area.

Mr. President, I submit that all this is substantiated by the message of President Truman on June 27, 1950. He said:

Accordingly, I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.

All I am saying is that but half of former President Truman's statement was made the subject of comment in the State of the Union message by our new President, President Eisenhower. That section of President Truman's order to prevent any attack on Formosa was not referred to. This limitation or deletion modifies the intent of the order.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JOHNSON of Texas. As I understood the Senator from Minnesota, he stated that to the best of his knowledge no Member of the minority had been consulted concerning the President's recommendations in connection with the Seventh Fleet. I believe that in fairness I should say that prior to the President's State of the Union message the Secretary of State and the Under Secretary of State-designate asked the chairman of the Foreign Relations Committee of the Senate and the ranking minority member of the Foreign Relations Committee, together with the majority leader and the minority leader and their counterparts on the House side, to attend a meeting at the State Department. I am not at liberty to discuss what happened at that meeting. I was not of the opinion that any great consultation took place, but I think fairness requires that I inform the Senator that the group was informed about certain

statements which the President would make in his State of the Union message.

Yesterday the minority leader brought these matters to the attention of the Democratic Policy Committee. At the conclusion of our meeting the chairman of that committee issued a statement to the effect that the issues of war and peace are far too serious to be settled in the arena of narrow partisan debate; that we felt they could be solved only by the united wisdom and effort of all Americans, regardless of political affiliations, and that we were ready and eager to consult with the President as soon as the machinery for such consultation could be established.

I ask unanimous consent to have printed in the RECORD at this point a copy of the statement issued by the Democratic policy committee yesterday.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ADOPTED BY SENATE DEMOCRATIC POLICY COMMITTEE, FEBRUARY 3, 1953

Americans everywhere have been gratified by the President's call for "true bipartisanship" in the development of foreign and defense policies. Even more encouraging are statements that high administration officials will consult with members of the minority party before—and not after—policy has been formed.

We are ready and eager to consult with the President as soon as the machinery for such consultation is established.

The issues of war and peace are far too serious to be settled in the arena of narrow, partisan debate. They can be solved only by the united wisdom and effort of all Americans regardless of political affiliations.

Mr. HUMPHREY. Mr. President, let me say to the minority leader that I appreciate the information which he has given the Senate, and I greatly appreciate the expression of cooperation which he has made here today. That is exactly the spirit which is in my heart. I mean that in every sense, with all the sincerity I can command. Our foreign policy must not be a subject of partisanship. It, indeed, must be bipartisan. But, bipartisanship requires more than just being told or notified. I wish to say that if we are to have that spirit and if we are to get away from what some people believe existed only a few months ago, we must proceed in the full spirit of consultation, bipartisanship, and factual reporting of history.

I do not intend to stand idly by, on the floor of the Senate or in committee, and have the history of our times rewritten to justify a decision. The history of the times in which we live is grave and perplexing. The least we should expect is to have the history objectively and honestly reported, so that our assumptions may be sane and sound, and that upon those assumptions derived from study of national and international history we can work forward to a policy which will insure us what the President and all of us want—freedom, peace and security.

Mr. SALTONSTALL. Mr. President. I merely wish to say to the Senator from Minnesota and to the Senator from Texas that I do not care to become involved in a debate of the subject at this time. I believe the Senator from Minnesota

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Mr. SALTONSTALL. I yield for that purpose.

Mr. CHAVEZ. Mr. President, I think the Senator from Michigan is correct. I sincerely believe that in all Government departments the personnel could be reduced to the extent of from 10 percent to 15 percent, and we would still have better administration than exists at the present time. I make this statement on the basis of my service on the Appropriations Committee, on which the Senator from Michigan knows I have served. I firmly believe what I have just stated.

During the Eighty-second Congress I tried to bring about such a reduction in the number of Government employees. I recommended such a reduction at the time when I happened to be chairman of the Appropriations Subcommittee dealing with appropriations for the Federal Security Agency and for the Department of Labor. I believe that if those agencies had gotten down to mass attacks in their operations, they would have reduced their personnel by from 10 percent to 15 percent, and could still have had better administration and could have rendered better service.

Notwithstanding that in that particular appropriation bill we did save \$214,000,000, I was unable to make the personnel reductions which I believe could have been made. However, we were up against the idea of "bureaucratic Washington," and we were unable to have such reductions made in the number of Government employees.

So I am glad the Senator from Michigan has made the statement he has made today, and I hope the suggestion which has been made carries through. So far as I am concerned, I shall help the Senator from Michigan.

Mr. FERGUSON. Mr. President, I appreciate the Senator's help, because we shall need everybody's help on this problem.

His order relates to one other item, I may say. The budget which was submitted to this Congress by the previous President provided for 140,000 additional employees. The order to which I have referred affects that item. Now necessity must be shown before such employees are hired.

Mr. President, the Director of the Bureau of the Budget comes from the city of Detroit, Mich. He is capable of looking over the entire financial structure of our Government and has had experience in United States Government finances. I know he understands that field. He is capable of carrying out the necessary procedures, and is capable of making the essential cuts. I know that the people of the United States generally, as well as the Members of the Senate and the House of Representatives, in particular, will find in Joseph Dodge a very able man who will be able to advise with them and will be able to proceed to do a job which is well worth while.

I wish to compliment him for issuing the order immediately following the President's state of the Union message, and I hope it will be carried out by the administration with the aid of Congress.

EXHIBIT 1
 EXECUTIVE OFFICE
 OF THE PRESIDENT,
 BUREAU OF THE BUDGET,
 Washington, D. C., February 3, 1953.

MY DEAR MR. SECRETARY: One of the first and most important tasks of our new administration is to review the 1954 budget and to proceed toward the accomplishment of a balanced budget.

This review will take the initial steps toward that goal; will establish in definitive form how far we can go in that direction in the fiscal year 1954; and set the stage for the fiscal year 1955. It should help to identify issues that will be significant in the formulation of the budget for that year.

The problem is complicated by inheritance of the costs of a Federal debt of more than \$265,000,000,000; indicated deficits for the fiscal years 1953-54 totaling \$15,800,000,000; and accumulated unexpended balances of appropriations in excess of the total new obligational authority requested for fiscal year 1954.

It is clear that this situation will not be brought under control without action to reduce budgetary obligational authority, reduce the level of expenditures, critically examine existing programs, restrain commitments for new programs, and generally to drive for greater efficiency and reduced costs.

In this review the policies shall be as follows:

With respect to personnel: It is the policy to reduce the number of Government employees. Each department or agency head shall immediately restrict the hiring of additional personnel. No vacancies shall be filled until the department or agency head shall have determined to his satisfaction that:

- (a) The positions represented by vacancies cannot be eliminated.
- (b) Existing employees cannot be shifted to cover the vacancies.
- (c) Increased efficiency, better utilization of personnel, or changes in standards and policies of department or agency operation will not make possible the attainment of (a) and (b) above.

It is the policy to achieve a progressive reduction of personnel for the remainder of the fiscal year 1953 and for the 1954 budget. Variations from this policy, as applied to individual departments and agencies, will be granted by the President in his review of the 1954 budget only upon specific request and adequate justification by the department or agency head.

With respect to construction: It is the policy to proceed only with those projects which are deemed clearly essential in terms of the objectives of this administration and on such projects to employ the strictest standards of economy. Each department and agency head is therefore directed to—

- (a) Review all proposed or authorized construction projects on which work has not yet begun, and to propose initiation of construction during the remainder of the fiscal year 1953 and the fiscal year 1954 only on those projects which he determines meet the above criteria.
- (b) Review all going construction projects in the light of the above criteria and take such action as he may deem appropriate, including action to stop the work.

With respect to all programs: It is the policy to operate at a minimum level of cost and expenditures. This policy requires that the necessity for all work be questioned and that action be taken to eliminate unnecessary programs and to hold the remainder to minimum levels. Each department and agency head is therefore directed to—

- (a) Permit no increases over the January rate of obligations except on complete justification and specific approval, unless such

increases are clearly necessary to meet requirements fixed by law.

(b) Initiate an immediate review within his department or agency calling for recommendations on the downward adjustment of program levels and for information as to the probable effect of such adjustments on Government services.

The results of these reviews should be used wherever possible in the 1954 budget revision procedure and in the preparation of submissions for the 1955 budget.

You are expected to translate these guidelines into proposals for specific revisions of the budget figures for your department or agency and to transmit them to this office in the form indicated in the attachment. Your proposals should be received by this office on or before March 2, 1953.

Pending the receipt of your recommendations and the President's decisions on proposed revisions of the 1954 budget, any significant deviation from these policies and criteria shall be reported to the Bureau of the Budget.

Your recommendations pertaining to the 1954 budget also should indicate the possibilities of making further changes in subsequent budgets where you propose that legislation now in effect be amended or repealed. Where your budget review indicates the desirability of a change in legislation, a draft bill or other proposal for action should be submitted for appropriate clearance as promptly as possible.

Legislative proposals, originating either in Congress or in your department or agency, which would affect financial requirements of your department or agency, should be reviewed in the light of the budget policies set forth above.

The recommendations which you make in response to this letter, like all other budget estimates, are in the nature of advice for the President, and are highly confidential prior to the time that the President formally has acted thereon.

Sincerely yours,

Jos. M. DODGE,
 Director.

DECLINE IN BEEF PRICES

Mr. SALTONSTALL. Mr. President—

Mr. MONRONEY. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. MONRONEY. Mr. President, I was amazed to read in this morning's newspaper, in an Associated Press dispatch, the following statement regarding the new Secretary of Agriculture, Ezra Taft Benson:

Secretary of Agriculture Ezra Taft Benson yesterday urged disturbed cattlemen to drop their "unwarranted pessimism" about declining prices and to stop dumping beef cattle on the market.

I read further from the article:

"The United States economy is fundamentally strong," Benson said. "Employment and incomes are higher than ever before. This promises more stability to cattle prices, particularly since reductions due this year in the supply of pork will bolster the market for cattle."

Benson promised no Government action to help stabilize cattle prices. There are no price support programs for meat animals, although they are permitted by law.

Benson's appeal for an "orderly pattern" of cattle marketing—

And so forth. Mr. President, I am fearful that this first statement by Sec-

retary Benson in regard to what to me appears to be a huge collapse in our economic strength on the farms is being grossly minimized by the Department of Agriculture. When the Secretary of Agriculture asks the cattlemen to drop their "unwarranted pessimism" about declining prices, he overlooks the fact that from \$5,000,000,000 to \$9,000,000,000 has been wiped out of the American economy in the value of livestock in the last 10 weeks. Certainly the comment about unwarranted pessimism existing among the cattlemen of this country does not meet the problem. The cattlemen would like to remain in business. They are not liquidating their herds by choice. But such a situation is developing across the United States that the herds are being liquidated.

Many banks who have financed the loans made to the cattlemen in order to build the herds and to provide for the United States the 90,000,000 head of cattle that we have today were forced to call the loans. These loans were made on the basis of 70 percent of the then market value of approximately 32 cents a pound. Now banks are calling all these loans, because cattle are selling at from 15 to 18 cents a pound.

So the unwarranted pessimism which is said to exist in the cattle industry today is caused largely by the bankers who have helped to finance the increase in the livestock herds, and who now want the loans repaid because the unusual and rapid decline in price has wiped out the equities those cattlemen have. They now have no place to turn for production credit.

This problem is not faced only by the large ranchers, although many of the most wealthy ranchers are affected by losses running into the hundreds of thousands of dollars; but it confronts also the small farmers, those who have borrowed money from a bank for two cows, for instance. Because the bank examiners are stating that the former equity no longer exists behind those loans, today virtually every small bank in the country is forced to call loans. This creates a stampede of cattle into the market. In order to liquidate the loans the farmer must liquidate his present herds. Within a year we may have a scarcity of cattle, although meantime we may enjoy a very brief respite in prices as the stampede or run occurs in the market. But in the long run the Nation will pay very dearly for the liquidation of these herds, which is occurring while the Secretary of Agriculture stands idly by and issues statements in which he ask the cattlemen not to be unduly disturbed.

Mr. HUMPHREY. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. HUMPHREY. I am disturbed not only by statements similar to the one to which the Senator from Oklahoma has referred, in which the Secretary of Agriculture requests that there be no undue pessimism, but also by requests for commissions to study such situations. The need in this case is for action.

Let me also point out that the Senator is eminently correct when he says this matter is a very serious one to all farmers, not only to the large ranchers.

I have just returned from my home State of Minnesota, where many farmers are cattle feeders. Simple mathematics shows that it is not possible for a farmer to feed \$1.52 corn to a \$16 hog or to give expensive feed to \$17 cattle, and to end in any condition except broke.

It is true that the banks are beginning to call in their loans, and it is true that the entire area of what is known as farm-perishable commodities is under severe economic pressure today.

I am sure the Senator from Oklahoma is aware of the fact that the farmers' parity ratio as of today is 96. That means, in terms of prices, that in the price for which he sells the farmer is 4 percent below what he has to pay for the things he buys. In other words, he pays a dollar for something; he has 96 cents with which to buy that dollar commodity. That means he goes into debt 4 cents on every dollar unit. A year ago it was 107 percent parity, 2 years ago it was 111 percent. But at 107 percent the farmer could make a profit. At 102 percent he can break even or better and still have a little profit. But at 96 percent—and, Mr. President, it has been going down every day—the promise of "prosperity around the corner" is not going to save the situation. What is needed is a firm policy and a determined attitude on the part of the Government to do as the Senator from Oklahoma is saying now—to stop this movement before it gets out of hand. We saw farm prices collapse once before, and it not only wrecked the farmers but the entire economy.

Mr. President, I want to say one final word, if the Senator will permit me. With the statement of the Senator from Oregon concerning the interest rates on Government bonds, I concur 100 percent. I refer to the interest rate that is going to be paid on long-term issues of Government bonds. Mr. President, I ask any Member of this body who represents 1 farmer or 100,000 farmers: What is happening to the interest rates to Mr. Farmer? The farmers are going to pay and pay and pay. The farmer pays 6, 7, and 8 percent for short-term loans. General Motors pays 1½ percent or less.

Mr. President, the solid-dollar theory got so solid once before that it broke every bank in the country. I would in this hour add a note of admonition. In pursuing this solid-dollar theory based on high-interest rates and limited credit, let us not proceed to a point where we literally put the economy on the skids. That is exactly what the Senator from Oklahoma is directing his remarks to, and I thank him for bringing this matter to our attention.

Mr. MONRONEY. I thank my distinguished colleague from Minnesota. Going back to what the Secretary appeals for in the way of an orderly marketing pattern instead of a stampede, the situation is not going to be remedied by issuing statements asking the disturbed cattlemen to "drop their unwar-

ranted pessimism." It is not pessimism, but they are facing the facts. If the stock market or the eastern financial interests had seen \$9,000,000,000 wiped out within 10 weeks' time, there would have been some commissions appointed, and some action to correct the situation would have been taken. Yet, despite the fact that livestock represents more than 60 percent of the total farm income, and that every State is affected, we find a statement made, asking that the cattlemen drop their unwarranted pessimism.

I should like to see a program designed to provide emergency production credit and to underwrite loans so as to enable the cattlemen to carry their herds during the period of this record-breaking decline.

If something is not done and done promptly we are going to see the Nation's livestock liquidated down to the danger point and the stock raisers forced into bankruptcy. It will then be more than 3 years before we can have adequate production which, under the law of supply and demand, can keep prices down.

Mr. President, it would not be so bad, perhaps if this crisis would correct itself rather sharply and soon. If the decline in the livestock prices had been reflected in the cost of beef this might have happened. But the price of steak that was based on 32-cent livestock prices has not reflected the 18-cent livestock prices today, and consequently the market has not absorbed or used up the unusually high market runs.

I would like to be fair enough to admit that the drought triggered off this slide in cattle prices, but it has continued long past the drought decline. And it has gotten into an accelerated landslide downward, as the cattle are stamped to market and as the banks are forced to liquidate their loans because the price decline has wiped out their equities.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to my distinguished friend from Minnesota.

Mr. HUMPHREY. Mr. President, the argument of orderly marketing needs careful examination. It is impossible to have orderly marketing in a depressed-price economy, unless there is extended extensive long-term credit. The reason there is disorderly marketing in the agricultural field today, particularly in regard to livestock, as the Senator from Oklahoma has pointed out, is that when the note comes due, the signer of the note pays; and how does he pay? He has to sell, and every time he sells in a depressed market, the price continues to go down, which in turn means that he must sell more in order to pay the note he signed at a time of high prices. Thousands of farmers bought feeder cattle at \$32 a hundred, \$36 a hundred, \$28 a hundred, but the average price is now \$17 a hundred. I submit to the distinguished Secretary of Agriculture that there is no such thing as orderly marketing in such a declining market price. There is, at present, no plan or program to check the constant flow of cattle that have to be liquidated in order to pay the notes which are coming due.